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August 15, 1996

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VIA HAND DELIVERY

Mr. William Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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**Re: Telefónica Larga Distancia de Puerto Rico, Inc.'s Comments
CC Docket No. 96-149**

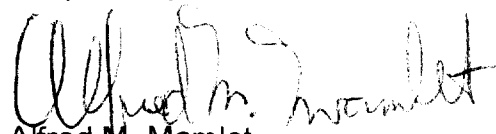
Dear Mr. Caton:

Telefónica Larga Distancia de Puerto Rico, Inc. ("TLD"), by its attorneys, hereby submits for filing an original and six copies of their Comments in connection with the above-captioned matter.

Also enclosed is an additional copy of TLD's Comments which we ask you to date stamp and return with our messenger.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,



Alfred M. Mamlet
Counsel for Telefónica Larga Distancia
de Puerto Rico, Inc.

/srh-m
Enclosures

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ORIGINAL

Telefónica Larga Distancia
de Puerto Rico, Inc.
August 15, 1996

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Implementation of the Non-Accounting
Safeguards of Sections 271 and 272 of the
Communications Act of 1934, as amended;

and

Regulatory Treatment of LEC Provision of
Interexchange Services Originating in the
LEC's Local Exchange Area

CC Docket No. 96-149

TLD'S COMMENTS

**TELEFÓNICA LARGA DISTANCIA
DE PUERTO RICO, INC.**

Of Counsel:

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*Counsel for Telefónica Larga Distancia
de Puerto Rico, Inc.*

Dated: August 15, 1996

SUMMARY

Telefónica Larga Distancia de Puerto Rico, Inc. ("TLD") hereby files these Comments in response to the Commission's LEC Interexchange Services NPRM.^{1/} TLD supports the Commission's proposal to reevaluate and possibly modify the regulation of independent local exchange carriers ("LECs") and affiliated interexchange carriers. The Commission has previously imposed the Competitive Carrier safeguards on the Puerto Rico Telephone Company ("PRTC") and TLD because PRTC owns 19% of TLD. TLD requests that the Commission confirm that any modifications the Commission adopts for the regulation of independent LECs and affiliated interexchange carriers also apply to the relationship between TLD and PRTC. To do otherwise would unfairly subject PRTC and TLD to more extensive regulation than other independent LECs.

^{1/} In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended; and Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area, CC Docket No. 96-149, FCC 96-308 (rel. July 18, 1996) ("LEC Interexchange Services NPRM").

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of

Implementation of the Non-Accounting
Safeguards of Sections 271 and 272 of the
Communications Act of 1934, as amended;

and

Regulatory Treatment of LEC Provision of
Interexchange Services Originating in the
LEC's Local Exchange Area

CC Docket No. 96-149

TLD's COMMENTS

I. INTRODUCTION

Telefónica Larga Distancia ("TLD") hereby files these Comments in response to the Commission's LEC Interexchange Services NPRM.^{1/} TLD supports the Commission's efforts to reevaluate the regulation of local exchange carriers ("LECs") and affiliated interexchange carriers. In particular, TLD supports the Commission's decision to "evaluate the continuing necessity of applying the Competitive Carrier requirements to the provision of [interexchange] services by independent LECs."^{2/}

^{1/} In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended; and Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area, CC Docket No. 96-149, FCC 96-308 (rel. July 18, 1996) ("LEC Interexchange Services NPRM").

^{2/} Id. at ¶ 155.

Any general policy changes or rules governing independent LECs and affiliated interexchange carriers should be applied to all independent LECs and affiliated interexchange carriers. In particular, the Commission should clarify that any modified rules which govern independent LECs and affiliated interexchange carriers should also govern the relationship between the local exchange carrier in Puerto Rico, the Puerto Rico Telephone Company ("PRTC"), and TLD.

II. TLD AND PRTC SHOULD NOT BE REGULATED ANY DIFFERENTLY THAN ANOTHER LEC AND AFFILIATED INTEREXCHANGE CARRIER

TLD asks the Commission to clarify that any modifications it adopts to its Competitive Carrier requirements will also apply to PRTC and TLD. In the TLD Order, the Commission placed regulatory restrictions on the relationship of PRTC and TLD due to PRTC's 19% ownership in TLD.^{3/} Specifically, the Commission stated that PRTC and TLD must comply with the following Competitive Carrier safeguards:

- (1) TUPR and [T]LD shall own no transmission or switching facilities jointly or in common with either PRTC or PRCC;
- (2) TUPR's and [T]LD's books of account will be entirely separate from those of PRTC and PRCC;
- (3) any services and facilities that PRTC or PRCC offers pursuant to tariff will be obtained by TUPR and [T]LD pursuant to those tariffs;
- and (4) TUPR and [T]LD will also obtain any other PRTC services on an arms length, nondiscriminatory basis.^{4/}

^{3/} Telefónica Larga Distancia de Puerto Rico and LD Acquisition Corporation Application for Consent to the Assignment of Section 214 Authority and the Amendment of Submarine Cable Landing Licenses, 8 FCC Rcd 106, 113-115 (1992) ("TLD Order").

^{4/} Id. (citing Policy and Rules Concerning Rates for Competitive Common Carrier Services and Facilities Authorizations Therefor, 98 F.C.C.2d 1191, 1198 (1984) ("Competitive Carrier"). TUPR is a carrier's carrier that offers the use of international and domestic earth stations and point-to-point microwave radio facilities to TLD and other common carriers under tariff. TLD Order, 8 FCC Rcd at 107.

In the LEC Interexchange Service NPRM, the Commission has proposed to "evaluate the continuing necessity of applying the Competitive Carrier requirements to the provision of [interexchange] services by independent LECs."^{5/} Specifically, the Commission seeks comment on "whether [it] should require independent LECs to provide in-region, interstate, domestic, interexchange services subject to the Competitive Carrier separation requirements or a variation of those requirements."^{6/}

The Commission should confirm that the above-quoted safeguards in the TLD Order imposed upon PRTC and TLD will not continue to apply if the Commission modifies its Competitive Carrier requirements for independent LECs. The TLD Order was specifically conditioned upon TLD and PRTC complying with the Competitive Carrier requirements as enunciated by the Commission.^{7/} The Commission should confirm that any modifications to the Competitive Carrier requirements for independent LECs and affiliated interexchange carriers also apply to TLD and PRTC.

TLD submits that PRTC and TLD be treated identically to all independent LECs and affiliated interexchange carriers. PRTC's and TLD's relationship as LEC and affiliated interexchange carrier is not any different, and should raise no additional concerns than the relationship of any other independent LEC and affiliated interexchange carrier. If the Commission is considering relaxing the restrictions imposed upon independent LECs (and even the RBOCs) and their wholly-owned interexchange affiliates, it should certainly do the same for PRTC and TLD since PRTC owns only 19% of TLD. To do otherwise would unfairly subject PRTC and TLD to more heightened carrier regulation than other independent LECs. Accordingly, the

^{5/} Id.

^{6/} LEC Interexchange Service NPRM at ¶ 158.

^{7/} TLD Order, 8 FCC Rcd at 114 ("TUPR and [T]LD must both comply with the following safeguards. . . .").

Commission should clarify that changes to its Competitive Carrier requirements apply to all independent LECs and affiliated interexchange carriers, including PRTC and TLD.

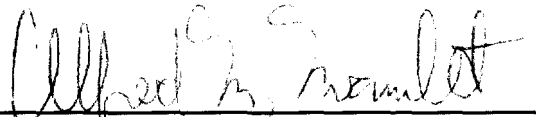
III. CONCLUSION

PRTC and TLD, like all independent LECs and an affiliated interexchange carriers, should only be subject to the Competitive Carrier safeguards as modified by the Commission's LEC Interexchange Services NPRM. The Commission should confirm that any modification to the Competitive Carrier safeguards supersedes the specific Competitive Carrier safeguards the Commission enunciated in the TLD Order. By doing so, the Commission will ensure that all similarly situated independent LECs and affiliated interexchange carriers are regulated similarly by the Commission.

Date: August 15, 1996

Respectfully Submitted,

**TELEFÓNICA LARGA DISTANCIA
DE PUERTO RICO, INC.**



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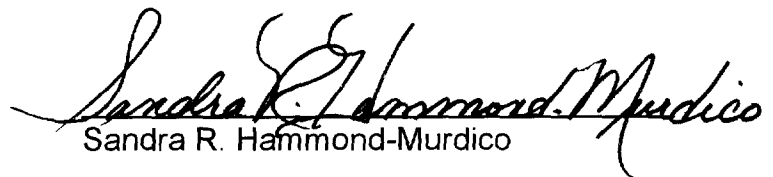
*Counsel for Telefónica Larga Distancia
de Puerto Rico, Inc.*

CERTIFICATE OF SERVICE

I, Sandra R. Hammond-Murdico, hereby certify that the foregoing **TLD's**
Comments was served, via first class mail (except where indicated), postage prepaid,
this 15th day of August, 1996, on the following:

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Federal Communications Commission
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Washington, DC 20554

*International Transcription Services, Inc.
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2100 M Street, N.W.
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Sandra R. Hammond-Murdico